GOVERNMENT OF INDIA
HOME AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1390
ANSWERED ON:01.08.2000
INTER-STATE COUNCIL
SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether the Prime Minister at the sixth meeting of the Inter-State Council on May 20, 2000 made a strong plea to reduce the growing subsidies in power, transport and other service sectors;

(b) if so, the response of the State thereto;

(c) the decisions taken at the Council in this direction;

(d) the extent of subsidies extended by different State Government to different sectors; and

(e) the extent of reduction to be affected therein?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (I.D. SWAMI)

A statement is enclosed as Annexure.

ANNEXURE

STATEMENT IN REPLY TO (a) TO (e) OF THE LOK SABHA UNSTARRED QUESTION NO.1390 FOR ANSWER ON 1.8.2000

(a) to (e): The Prime Minister in his inaugural speech at the Sixth Meeting of the Inter State Council held on 20.5.2000 made a mention about rationalisation of the scale and structure of Central subsidies. He also outlined the steps that the Union Government on its part was taking to improve tax buoyancy, prune unproductive expenditure, rationalise the scale and structure of Central subsidies and push ahead public sector reforms. The Prime Minister state that the growing subsidy burden was one area which had to be tackled jointly. The Union Government had taken some difficult decisions to contain subsidies at the Centre.He advised the States to do the same and urged them to act quickly in setting their finances in order. Some of the areas which require urgent attention include:-

`Reform of the power sector: The commercial losses of State Electricity Boards now accounted for over half of the total revenue deficits of the States. So also with the transport and other service sectors, electricity tariffs must be rationalised and cross-subsidy reduced and to improve the operational efficiencies in transmission and distribution, in the interest of the consumer.`

2. There was no response during the meeting from the States on the issue of reduction in the growing subsidies in power, transport and other services sectors and no specific decision was taken by the Inter-State Council in that meeting on the issue.